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Director of  
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# National Intelligence Daily

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**Saturday  
20 October 1984**

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**NICARAGUA:****Possible Withdrawal by Opposition**

*The threatened withdrawal of the most important democratic party participating in the Nicaraguan election could further undermine Sandinista hopes of gaining some international legitimacy.*

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An Independent Liberal leader reportedly says the party will withdraw today. The US Embassy reports, however, that the party's convention tomorrow will decide the issue and that a significant faction wishes to remain in the race.

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The Independent Liberals, with some 6,000 members, were Sandinista allies until Godoy resigned as Labor Minister last March. Godoy favors the revolution's ideals but opposes many regime policies. He publicly sympathized with the opposition coalition's efforts to open the electoral process and initiated the current talks among registered parties—talks that have now been co-opted by the Sandinistas.

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Two smaller democratic parties have protested campaign conditions. The center-right Democratic Conservatives will decide on withdrawal at their convention on 28 October. The leftist Popular Social Christians say a Liberal abstention would strongly induce them to do likewise.

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Comment:  
Withdrawal by the Liberals would be likely to induce the other vacillating parties to follow suit. Such abstention would undermine Sandinista claims that a whole range of parties are participating and could weaken the regime's support from West Europeans. The Sandinistas probably would react by characterizing the elections as a referendum and standing fast on the date.

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**POLAND:****Party Concerns About Solidarity**

**Senior Communist Party officials reportedly are concerned about increasing infiltration of regime-sponsored grassroots organizations by Solidarity activists.**

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Party officials contend that the penetration of the government's new trade unions has forced them to delay the establishment of a planned national union federation. Some leaders reportedly are considering scrapping entirely the worker self-management system because of the extent of Solidarity's penetration.

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██████████ officials are uneasy about confronting what they describe as the "overground" opposition because of the legal status of the organizations involved. They contend that it is easier to develop strategies to attack underground elements.

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**Comment:** ██████████ Solidarity activists are equally uncertain about whether they should take full advantage of opportunities to penetrate regime institutions. Some former union members seem to think that participating in government organizations amounts to treason to Solidarity. The activity causing concern among party leaders probably represents individual initiatives by some local Solidarity remnants.

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The church probably favors participation because it would complement its efforts to create a "parallel society" free of regime control. Such activity, nevertheless, will encourage Premier Jaruzelski's domestic hardline critics and the Soviets to press for a tougher attitude toward the opposition.

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LIBYA-MOROCCO:

**Actions Within the Union**

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*Libya and Morocco are moving rapidly to demonstrate that their union agreement will benefit their respective economies.*

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The Moroccan press announced yesterday that Libya's former Oil Minister Kamil Hasan Maqhur will be Assistant Secretary General of the Moroccan-Libyan union.

[Redacted]

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**Comment:** Hassan and Qadhafi have placed their personal prestige on the union and are eager to show concrete results. Hassan apparently is prepared to risk Washington's disapproval by helping Qadhafi acquire products the US has banned to Libya. The King is unlikely to travel to Tripoli during the current fighting in Western Sahara, although a later trip is possible.

The next step probably will be a joint meeting of Moroccan and Libyan parliamentarians.

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**YUGOSLAVIA:****Sharp Divisions at Plenum**

***Serious differences over Serbia's campaign for political reform and recentralization erupted this week during a televised party Central Committee plenum.***

The session endorsed only innocuous resolutions, partly because Slovenia's representatives opposed Serbia's proposals to substitute majority rule for government by consensus among the republics. Serbia's senior presidium representative, Dragoslav Markovic, attacked the President of Slovenia for opposing Serbia's program. They exchanged charges of unconstitutional behavior and remained unreconciled at the closing of the plenum.

Deep differences between the two regions on the direction of post-Tito Yugoslavia have been privately simmering for some time.

last summer Markovic objected when senior Slovene officials attacked federal military programs, charging that the Yugoslav Army was too expensive and superfluous.

Army representatives, quiet since the end of last year, sharply criticized the disarray shown at the plenum.

Opponents of market reforms, including a member of the Croatian presidency, denounced recent foreign exchange laws as unconstitutional and unnecessary.

**Comment:** The Serbian party made a major miscalculation in underestimating the opposition to recentralization. Serbia apparently expected the plenum to reaffirm commitments to economic stabilization and avoid the dissension that disrupted the Central Committee meeting in June.

The televised plenum, however, probably has sharpened factional splits and made compromise more difficult to achieve. The meeting also has reopened debate on economic issues long believed settled.

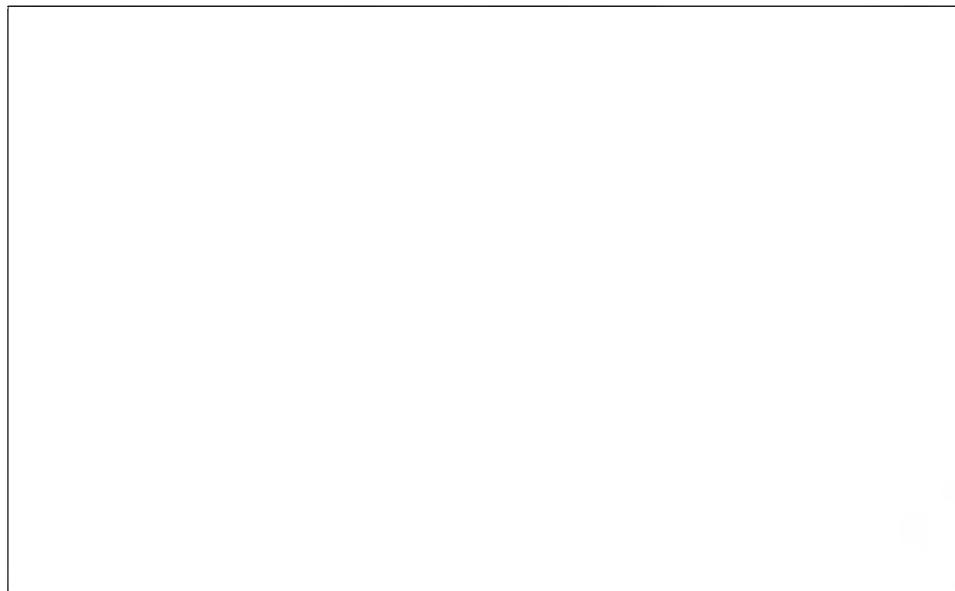
The next plenum, next month, may see demands from the rank and file for more effective leadership and discipline within the party hierarchy. Renewed public demands for an emergency congress, made periodically since Tito died in 1980, are likely.

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**USSR-CONTADORA: Soviet Gains**



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[redacted] the [redacted]  
Colombian Foreign Minister stated at a press conference recently that outside support is necessary to achieve peace in Central America. He specifically referred to the signing of the additional protocol to the [redacted] draft Contadora treaty by the US, the USSR, and Cuba. [redacted]

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**Comment:** The statement by the Colombian official is the first public acknowledgment by a Contadora country that Soviet cooperation is required to achieve a comprehensive settlement in Central America. Soviet support for the Contadora process has been emphasized in diplomatic exchanges with the Mexicans and in a propaganda offensive both at home and abroad. While the General Assembly probably will pass a resolution on Central America later this fall—probably with Soviet backing—the Contadora countries may be persuaded by some of the Central Americans to limit the protocol to countries in the Western Hemisphere. [redacted]

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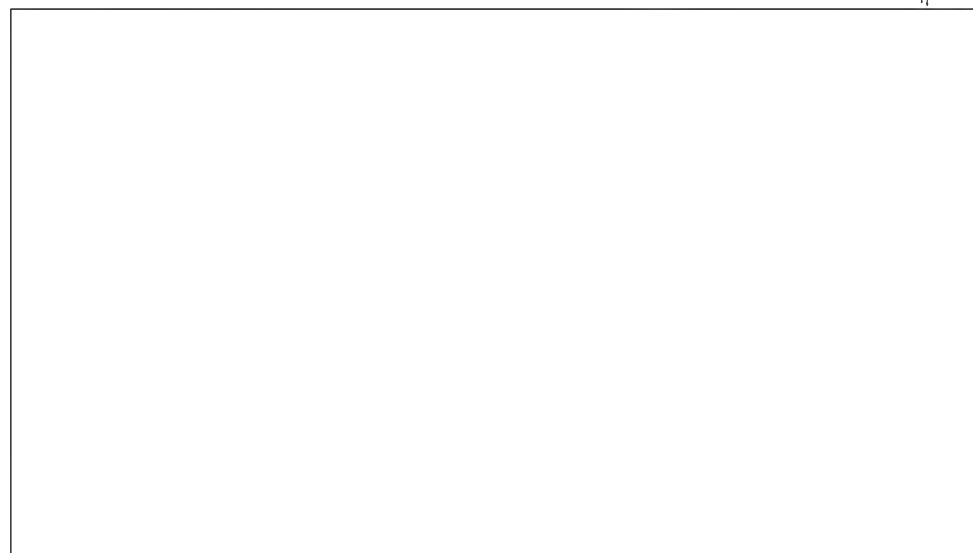
**WEST GERMANY: Party Financing Scandal Continues**

The damage caused by the "Flick Affair," which earlier this year forced Economics Minister Lambsdorff to resign, continues to spread. Bundestag President Rainer Barzel has confirmed press reports that he received consulting fees totaling more than 1.7 million marks from a law firm representing the Flick industrial conglomerate. The payments began in 1973, almost immediately after Barzel chose not to seek reelection as chairman of the Christian Democratic Union. He was succeeded in that position by Helmut Kohl.

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**Comment:** Kohl's opponents will try to portray Barzel's "consultant fees" as compensation for not seeking reelection and thereby paving the way for Kohl to become Chancellor. With important state and local elections set for next year, the Christian Democratic Union can ill afford another scandal to tarnish its image. The "Flick Affair" has touched all parties except the Greens, who are likely to be the beneficiaries of any increased popular disillusionment with the established parties.

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### **EC-US: Support for GATT Waiver Request**

The EC has decided to reverse its position and support a US request for a waiver of GATT rules so that the US can implement its Caribbean Basin Initiative. The initiative offers trade concessions to 20 Caribbean and Central American nations. A two-thirds vote of at least half of all GATT members is needed for a waiver. Sugar exporters outside the region, particularly Brazil and Australia, oppose the proposed action.

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**Comment:** EC approval removes the greatest barrier to obtaining the waiver. The EC probably will seek to gain concessions from the US in GATT in return. According to diplomatic sources, the deciding factor for most EC members was their view that a development initiative in the Caribbean region was politically important.

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### **WEST GERMANY: Compromise of Aerospace Technology**

West German authorities have arrested aerospace engineer Manfred Rotsch, a department chief with Messerschmitt-Boelkow-Blohm Aerospace Company, on suspicion of espionage for the KGB. He has admitted espionage activities since 1967. Rotsch had intimate knowledge of the Tornado Multirole Combat Aircraft Program and presumably had access to other sensitive defense-related technology with which the company is involved.

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**Comment:** Messerschmitt-Boelkow-Blohm is West Germany's leading aerospace company and is the West German member of the three-country consortium manufacturing the Tornado. At a minimum, Rotsch can be expected to have compromised the design and performance of a modern NATO combat aircraft.

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**BELIZE: Election Plans**

A government proposal to create new electoral districts is aimed at undercutting the increasing popularity of the conservative opposition, but it also is likely to prompt infighting between leftists and moderates for influence in the government party. The plan, which would increase lower house seats from 18 to 28, is scheduled for debate next Friday.

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**Comment:** The government's strong majority in the Assembly makes approval of the plan almost certain. Price—a moderate who is generally pro-US—nonetheless will have to contend with the factional rivalries in the ruling party over candidate selection for the new seats. Both factions will seek Price's endorsement of their candidates, especially the pro-Cuban left, which sees the election as a critical step toward building its influence within the party. Price's desire to maintain party unity probably will cause him to try to strike an even balance between the two sides.

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**BULGARIA: Possible Leadership Changes**

Rumors are circulating among Bulgarian officials that Prime Minister Filipov—a Soviet favorite—may be demoted. General Secretary Zhivkov is said to be displeased with his performance in dealing with the economy. Several officials claim Filipov's more competent deputy, Chudomir Aleksandrov, will soon replace him. Aleksandrov, only 48, reportedly has achieved a very close relationship with Zhivkov since being promoted last January to First Deputy Premier and Politburo member in a major shakeup to improve economic performance.

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**Comment:** Aleksandrov's rise is consistent with Zhivkov's style of promoting young, highly qualified technocrats, often over senior officials, to carry out economic reforms. The reforms have not produced impressive results to date, and Zhivkov probably views Filipov as an impediment. Zhivkov, at 73, may also fear that Filipov could exploit his Soviet ties to increase his influence.

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**In Brief**

**Terrorism**

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— Iranian-backed terrorists could attempt attacks on US targets on or about Tuesday to mark first anniversary of Marine barracks bombing in Beirut . . . Lebanon most likely locale, but attacks elsewhere cannot be ruled out.

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**Middle East**

— **Iranian** F-4 yesterday attacked **Panamanian**-flag ship supporting oil operations in the Persian Gulf . . . Tehran probably will seek more appropriate target to respond to last Monday's attack on an Iranian tanker by **Iraqis**. [redacted]

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— **Iraq** holding National Assembly elections today after month delay . . . Kurdish leader Talabani seeking seats as part of autonomy negotiations . . . sparking increased fighting by rival Kurdish factions. [redacted]

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— **Turkish** Interior Minister going to Tehran to discuss Ankara's current anti-Kurdish operation . . . probably in response to **Iran's** public condemnation of reported Turkish attacks inside **Iraq** . . . Iraqi Kurds in question are supporting Iran. [redacted]

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— **Iran's** Consultative Assembly has rejected Prime Minister Musavi's second nominee for Defense Minister in new Cabinet . . . both candidates had adequate military credentials . . . rejections may reflect Assembly's desire for more influence on war policy. [redacted]

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**Europe**

— **Greek** Prime Minister Papandreou will travel to **Poland** on Monday for two-day visit . . . reportedly will seek release of imprisoned Solidarity members to impress Western allies . . . communique will affirm Greek positions on nuclear-free zones and other international issues. [redacted]

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**East Asia**

— **Japanese** socialists, Communists, and other leftist groups will hold rallies tomorrow, international antiwar day . . . march on Yokosuka Naval Base expected . . . likely to protest Tomahawk deployment . . . USS Midway and supporting ships at sea. [redacted]

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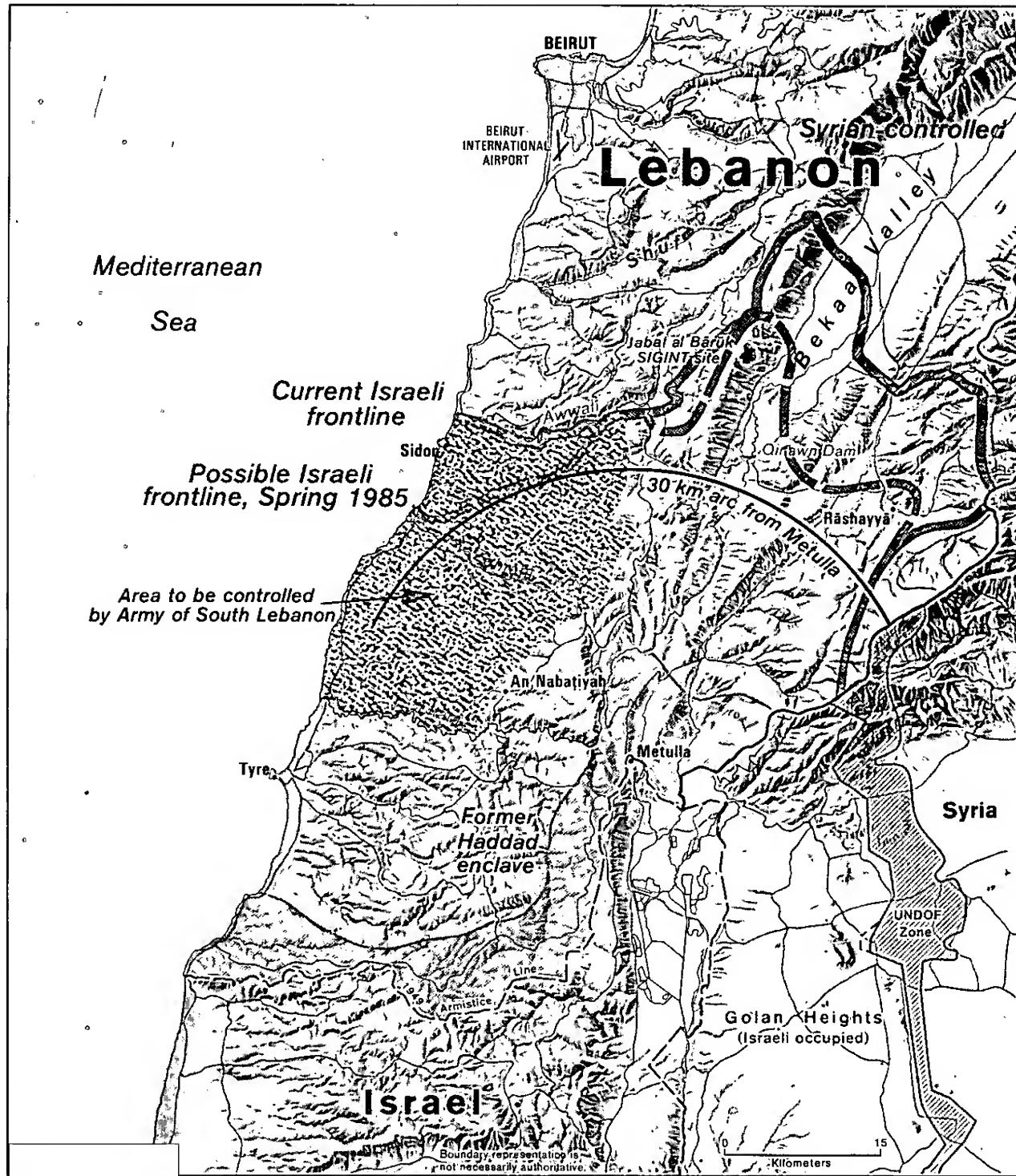
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## Special Analysis

### ISRAEL-LEBANON: Preparing Withdrawal Plans

*Israel apparently is committed to reducing its forces significantly in southern Lebanon by next summer. As part of any withdrawal arrangement with Lebanon and Syria, Israel will demand a security zone to protect its northern border and will accept only the Christian-dominated Army of South Lebanon and its own units in the zone. Israel wants the UN Interim Force in Lebanon as a buffer north of the zone. If the Syrians and Lebanese do not agree, the Israeli Army probably is prepared to withdraw unilaterally to new positions that will permit it to decrease its troops in Lebanon from 9,500 to fewer than 5,000.*

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Israel considers a 30-kilometer arc drawn from Metulla as a vital security zone for protecting its northern border. This is the maximum range of the Soviet-made rockets and 130-mm artillery pieces most used by the PLO against Israel's northern settlements in the past. If the Israelis can work out security arrangements with the Lebanese and Syrians that would prevent PLO reinfiltration into this zone, Israel probably would withdraw from southern Lebanon completely.

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Israel has adopted a two-prong strategy to obtain adequate security arrangements. It has concentrated on building up General Lahad's Army of South Lebanon until it can assume security duties from the Israeli Army. Meanwhile, Israel is maintaining liaison with major Lebanese factions to keep the PLO out of the Shuf region.

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Tel Aviv also has tried to interest the Syrians in a disengagement accord in the Bekaa Valley to lower the risk of an inadvertent clash and to minimize the threat from Palestinian and Shia terrorists based there.

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The Israelis doubt, however, that President Assad will accept their terms for a disengagement or that the Lebanese Army can prevent PLO reinfiltration into the south. As a result, the Israeli Army has been making preparations in southern Lebanon that would enable it to decrease its forces unilaterally.

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### Infrastructure in Southern Lebanon

Israel has about 3,000 troops in western Lebanon, most of them along the Awwali River or near Tyre and An Nabatiyah. It has been gradually turning over security functions between the Awwali and Litani Rivers to the Army of South Lebanon, and most key road junctions and river crossings are now manned solely by, or jointly with, General Lahad's

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troops.

In the eastern sector, the Israeli Army could withdraw to a line running roughly from the northern end of the Qirawn Dam to an area north of Rashayya. It has dug antitank ditches on its current frontlines that would channel an attacking force along two roads covered by artillery.

If the Israeli Army redeploys along these lines, it will be able to decrease its troop strength in the Bekaa from 6,500 to probably between 4,000 and 5,000 and to withdraw almost entirely from the west. Its supply lines would be considerably shorter and would run through areas inhabited primarily by friendly Christians and Druze. Israeli soldiers would be relatively safe from attack except in predominantly Shia areas around An Nabatiyah.

### Syrian Position

Israel and Lebanon are likely to begin talks soon under UN auspices on security arrangements. Syria, however, is likely to block any agreement to redefine UNIFIL's mandate that is not linked to a timetable for complete Israeli withdrawal. Moreover, Damascus believes the Army of South Lebanon would perpetuate a separate enclave for Israel and will insist the Lebanese Army take over instead.

### Israel's Options

Without Syrian cooperation, Israel would take unilateral action. In western Lebanon, the Israeli Army probably will remain in its current positions through the winter but will turn over security between the Awwali and Litani Rivers to the Army of South Lebanon in the spring. Lahad's Army of 2,100 men, however, is much too small to control the 30-kilometer security zone, which is predominantly Shia, and certainly will not be able to remain in Sidon.

If there is no agreement to redeploy UNIFIL in eastern Lebanon, Israel could draw a "red line" to bar the Syrians from moving beyond their present positions and pull back its forces. Assad would probably observe the "red line" initially but test it in time. The Israelis probably would not withdraw from their present positions if they decided Syrian probes could lead to a major confrontation.

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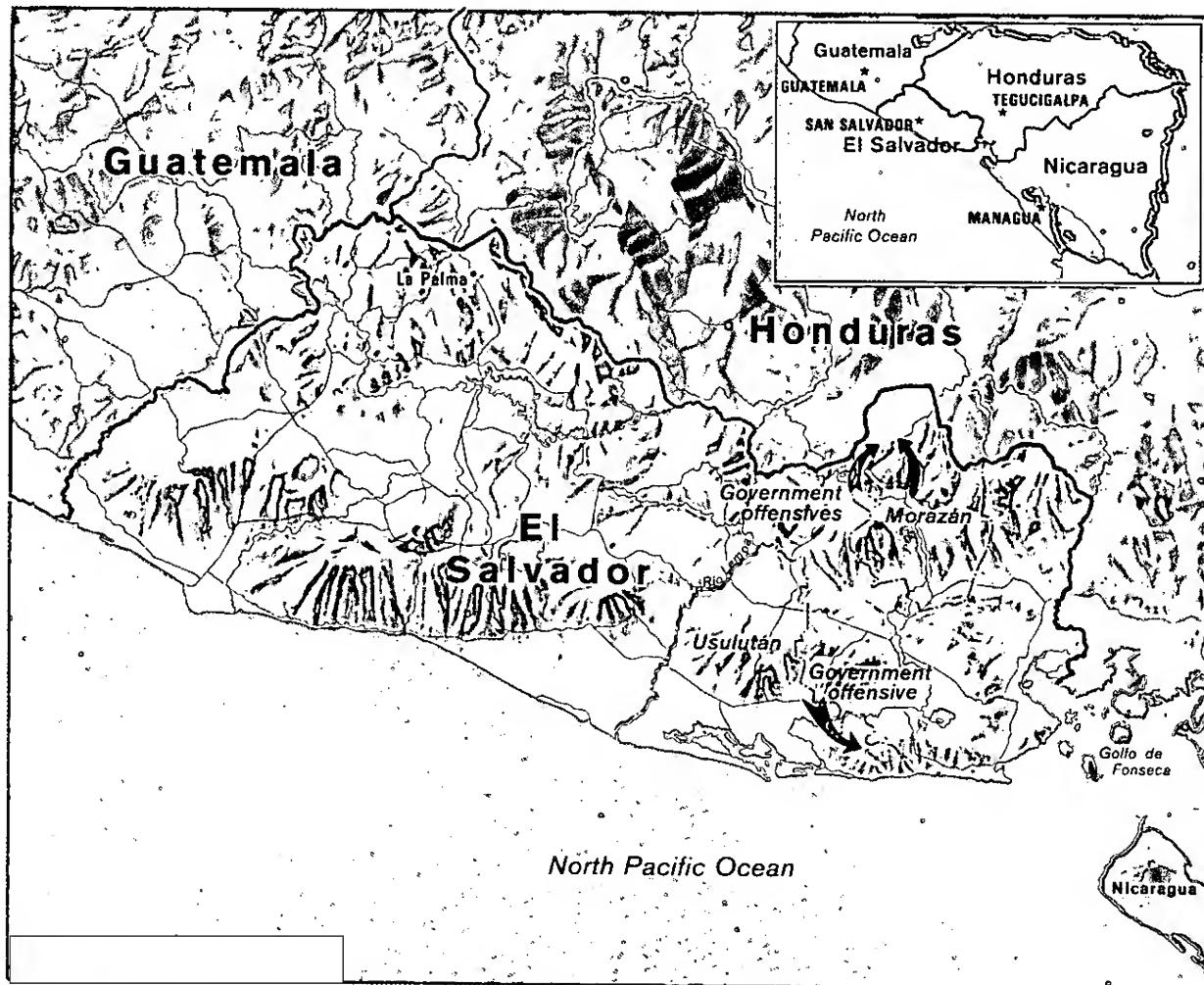
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**Special Analysis****EL SALVADOR:** **Guerrillas Under Pressure**

*The recent opening of a dialogue between President Duarte and the insurgents probably will have little immediate impact on guerrilla tactics, although it makes a large-scale rebel offensive even less likely in the near term. Factionalism, declining popular support, and Army offensives such as those under way in Morazan and Usulutan are undercutting the guerrillas' efforts to suggest they are talking from a position of strength. Insurgent leaders probably also fear that the government will intensify efforts to promote divisions in guerrilla ranks, thus accelerating their already troubling rate of desertions.*

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Guerrilla communiques are depicting the dialogue at La Palma as a reflection of insurgent strength that the government has "been forced to recognize." Clandestine broadcasts have specified numerous conditions for peace, including withdrawal of US advisers and cessation of bombing by the Salvadoran Air Force.

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The insurgents are simultaneously underscoring their resolve to continue armed struggle. Their cutting of a main highway and blacking out of five eastern departments shortly after the meeting with Duarte probably were intended to demonstrate their control of territory. They believe such actions, in concert with ambushes and a few spectacular assaults on key military and economic targets, will enhance their bargaining position at the next round of discussions, next month.

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The talks also give the insurgents a convenient means of explaining away their continuing inability to launch a large-scale offensive. While this failure is largely a reflection of their own disunity and of increasingly aggressive tactics by the Army, guerrilla leaders are likely to claim that they are putting the offensive on hold in the interests of peace. Furthermore, even assuming that the insurgents were able to mount a major offensive, they probably recognize that their political position at home and abroad would be further eroded if they were regarded as deliberately sabotaging chances—however slight—for peace.

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**Insurgents' Strategy**

Despite claims of "total unity" in the dialogue, the absence of high-level representation of some of the guerrilla groups at La Palma suggests that the insurgent alliance is still attempting to develop a political-military game plan acceptable to both the five insurgent factions and the guerrilla political organization.

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US Embassy reporting indicates that non-Marxist guerrilla political leader Ungo returned from the meeting intimating he was eager to get back into the Salvadoran political arena. Past reporting indicates such sentiments have frequently angered the hardline majority in the rebel alliance.

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Those hardliners, meanwhile, are unlikely to abandon their minimum demands for power sharing and reorganizing the military. Nevertheless, they know that San Salvador will reject such conditions for peace, and they fear losing the talks as a propaganda forum. As a result, top guerrilla leaders are likely to give the impression over the next few weeks of increasing flexibility in hopes of gaining greater legitimacy and making propaganda gains—even while pressing the war effort.

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These leaders probably fear, however, that the "talk and fight" strategy could be weakened by government offers of amnesty and participation in the elections set for March. The perception of fundamental change in the Salvadoran political and security climate may already have contributed to the 900 guerrilla desertions reported by the Army over the first half of this year. While probably somewhat inflated, this figure does not take into consideration the likelihood that large numbers of insurgents have deserted but have not turned themselves over to government authorities.

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### The Cuban and Nicaraguan Role

Havana and Managua share guerrilla concerns about the loss of battlefield momentum and the erosion of rebel morale. While they also are skeptical of Duarte's sincerity, they probably see the opening of a dialogue as a means for the guerrillas to strengthen their claims to legitimacy. Both the Castro and Sandinista regimes probably will urge the insurgents to appear conciliatory, to refrain from making significant concessions, and to continue demonstrating their military strength.

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Cuba and Nicaragua probably also see the talks as potentially beneficial to Managua and may counsel the guerrillas to drag them out for as long as possible. In so doing, they probably would calculate that increased international expectations over prospects for a negotiated peace would constrain US military options in the region and thereby help reduce pressures on the Sandinistas.

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